

District of Columbia Retirement Board

www.dcrb.dc.gov

Description	FY 2004 Actual	FY 2005 Approved	FY 2006 Proposed	% Change from FY 2005
Operating Budget	\$9,037,309	\$15,277,000	\$30,077,738	96.9
FTEs	13.16	14.00	45.00	221.4

The mission of the District of Columbia Retirement Board is to manage the assets of the Teachers' Retirement Fund and the Police Officers' and Firefighters' Retirement Fund on an actuarially sound basis, and, beginning in fiscal year 2006, manage the retirement program and post employment benefit programs for the participants and beneficiaries of those Funds.

The District of Columbia Retirement Board (DCRB) is an independent agency that has "exclusive authority and discretion to manage and control" the District's pension plan funds for police officers, firefighters and teachers under section 1-711 of the District of Columbia Code (2001 edition).

Additionally, pursuant to Public Law 108-489, the "District of Columbia Retirement Protection Improvement Act of 2004" and DC Law 15-205, the "Fiscal Year 2005 Budget Support Act of 2004" subtitle IB "Office of Financial Operations and Systems Reorganization Act" DCRB will expand its operations to other functions including making the pension payments to the retirees and administering the Federal defined benefits program pursuant to Public Law 105-33, the "District of Columbia Retirement Protection Act of 1987."

Under the 1987 National Capital Revitalization and Self-Government Improvement Act, the federal government assumed the District's unfunded liability for the retirement plans of teachers, police officers, firefighters and judges. Pursuant to the Act, the federal government pays the future retirement benefits and death benefits, and a share of disability payments for employees for service accrued prior to June 30, 1987. Except for judges, the Government of the District of Columbia is responsible for all subsequently earned benefits. The DCRB's function is to invest the assets of the plans and now to also make the payments to the retirees.

The D.C. Retirement Board consists of 12 voting trustees: 3 appointed by the Mayor; 3 by the District Council; and 6 elected by the employee participation groups. Additionally, the District's Chief Financial Officer serves as a non-voting, ex officio trustee.

Funding by Source

Tables DY0-1 and 2 show the sources of funds and FTEs by fund type for the DC Retirement Board.

Table DY0-1

FY 2006 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
Special Purpose Revenue Fund	7,446	9,037	15,277	30,078	14,801	96.9
Total for General Fund	7,446	9,037	15,277	30,078	14,801	96.9
Gross Funds	7,446	9,037	15,277	30,078	14,801	96.9

Table DY0-2

FY 2006 Full-Time Equivalent Employment Levels

Appropriated Fund	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
General Fund						
Special Purpose Revenue Fund	13	13	14	45	31	221.4
Total for General Fund	13	13	14	45	31	221.4
Total Proposed FTEs	13	13	14	45	31	221.4

The board has 6 standing committees: Benefits, Emerging Enterprise, Fiduciary, Investments, Legislative and Operations. The board hires an executive director and support staff to assist in carrying out its duties.

The DCRB plans to fulfill its mission by achieving the following strategic result goals:

- Achieve an actual long-term investment rate of return for the Teachers' Retirement Fund and for the Police Officers' and Firefighters' Retirement Fund in excess of the actuarially assumed investment rate of return.
- Issue timely and accurate benefit payments to retirees and their survivors.
- Make vendor payments on a timely basis to minimize any interest penalties.

Gross Funds

The proposed budget is \$30,077,738, representing an increase of \$14,800,738, or 96.9

percent, above the FY 2005 approved budget of \$15,277,000. The agency's entire budget is funded through Special Purpose Revenue.

There are 45 operating FTEs for the agency, an increase of 31 FTEs, or 221.4 percent, above FY 2005.

As previously noted, the significant increase in budget authority and FTEs is attributable to an expansion in the agency's operations.

General Fund

Special Purpose Revenue Funds. The proposed budget is \$30,077,738, an increase of \$14,800,738, or 96.9 percent, above the FY 2005 approved budget of \$15,277,000. The agency's entire budget is funded through Special Purpose Revenue, derived from the investment earnings of the pension plans and reimbursement from the U.S. Treasury for the administration of certain pension pay-

Expenditures by Comptroller Source Group

Table DY0-3 shows the FY 2006 proposed budget for the D.C. Retirement Board at the Comptroller Source Group level (Object Class level).

Table DY0-3

FY 2006 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
11 Regular Pay - Cont Full Time	946	1,058	1,122	3,261	2,139	190.6
12 Regular Pay - Other	58	56	160	140	-20	-12.5
13 Additional Gross Pay	42	25	34	125	91	267.6
14 Fringe Benefits - Curr Personnel	135	144	182	721	539	296.3
15 Overtime Pay	1	0	56	221	165	294.4
Subtotal Personal Services (PS)	1,181	1,283	1,554	4,468	2,914	187.5
20 Supplies and Materials	105	102	160	257	97	60.5
31 Telephone, Telegraph, Telegram, Etc	6	10	20	77	57	286.7
32 Rentals - Land and Structures	216	221	226	1,135	909	402.3
34 Security Services	0	0	2	5	3	150.0
40 Other Services and Charges	5,874	7,408	13,118	16,082	2,964	22.6
41 Contractual Services - Other	0	0	0	7,204	7,204	100.0
70 Equipment & Equipment Rental	64	12	197	849	652	331.2
Subtotal Nonpersonal Services (NPS)	6,265	7,754	13,723	25,610	11,887	86.6
Total Proposed Operating Budget	7,446	9,037	15,277	30,078	14,801	96.9

ments to retirees. The use of the funds by DCRB is as provided by law.

There are 45 FTEs supported by this fund type, an increase of 31 FTEs or 221.4 percent above the FY 2005 level.

It is noted that pursuant to law, DCRB has significantly expanded its operations for FY 2006, and the changes from FY 2005 are mostly reflective of these expanded operations which are further detailed in the program budget section following. Accordingly, changes at the fund level from the FY 2005 approved budget are:

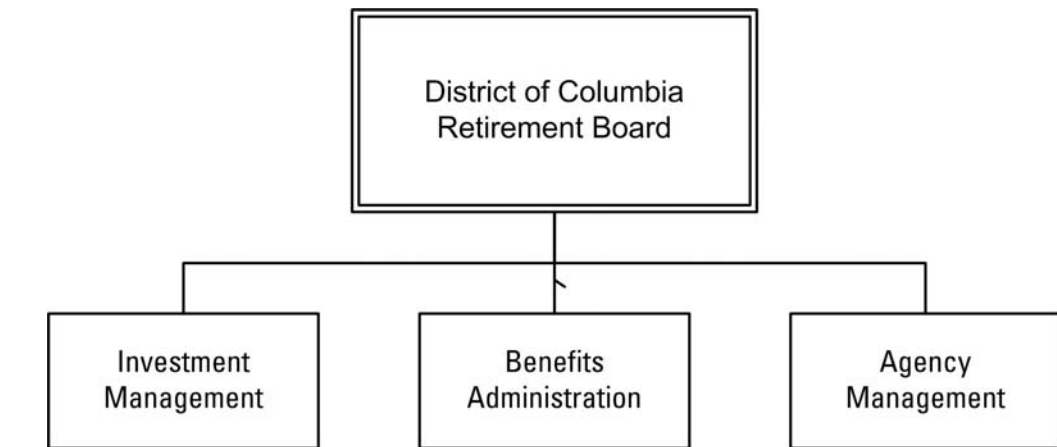
- A net increase in personal services of \$2,913,776, including an increase of \$2,138,616 in regular pay, a decrease of \$20,000 in other regular pay, an increase of \$90,990 in additional gross pay, an increase of \$539,296 in fringe benefits and an

increase of \$164,875 in overtime. These increases are attributable to known pay increases and related fringe benefits for existing staff and the majority of the increases represent the costs of the addition of 31 FTEs for the agency's expanded operations. Pursuant to District Code Section 1-711(k) the DCRB has independent personnel authority with regard to the compensation and hiring of its professional staff.

- A net increase of \$11,886,962 for nonpersonal services, which includes increases of: \$96,783 for supplies; \$57,337 for telecommunications; \$909,284 for rent; \$3,000 for security; \$2,963,940 for contractual services; \$7,204,218 for other contractual services; and \$652,400 for equipment.

Figure DY0-1

District of Columbia Retirement Board



Most of the increases are attributable to the agency's expanded operations and initial costs for equipping the agency's office space for the new FTEs. The agency manages its fixed costs and will be relocating to a newer and larger location, which is reflected in the increased rent cost. The telecommunications budget has increased due to the additional FTEs. A significant portion of the agency's contractual services budget is investment management fees for the pension plans. These costs will increase each year as the value of the pension funds increases and thus represent an automatic annual cost driver within the agency's budget.

Programs

Due to its status as an independent agency that does not use Local funding, the DCRB has not fully implemented the District's Performance-Base Budgeting system. However, it has organized its budget in program-based format as follows:

Investment Management

	FY 2005	FY 2006
Budget	\$15,277,000	\$16,279,951
FTEs	8.0	8.0

Program Description

The **Investment Management** program provides for the control, management, and investment of the assets of the Teachers' Retirement fund and the Police Officers' and Firefighters' Retirement fund pension plans.

Information on the financing of the District's retirement plans for teachers, police officers and firefighters can be located in the District of Columbia Code (2001 edition) Division I, Title I, Chapter 9, Subchapter IV, "Financing of Retirement Benefits. (1-907.02).

Program Budget Summary

The proposed Investment Management program budget is \$16,279,951. FY 2006 is the first year that DCRB has budgeted this program in its current form. In the past, the agency budgeted just one program. It has now separated "Administrative Management" costs into a program (see below) and assumed new duties (see "Benefits Administration" program below) that are budgeted in another program. The majority of this program budget, in

other services and charges, represents contractual management fees for the investment of the pension plans and will increase annually with plan value. The budget supports 8 FTEs.

Benefits Administration

	FY 2005	FY 2006
Budget	N/A	\$9,393,334
FTEs	N/A	18.0

Program Description

The **Benefits Administration** program provides for the timely and accurate payment of benefits to retirees.

Program Budget Summary

The proposed **Benefits Administration** program budget is \$9,393,334. FY 2006 is the first year that DCRB has budgeted for this program. Under provisions of Public Law 108-489, the "District of Columbia Retirement Protection Act of 2004" as well as District Law 15-205, the "Fiscal Year 2005 Budget Support Act of 2004" and Public Law 105-33, the "District of Columbia Retirement Protection Act of 1997," the DCRB is assuming from the Office of the District of Columbia's Chief Financial Officer, the duties of paying benefits to retirees. The proposed program budget for FY 2006 supports the cost of these new DCRB operations. The gross budget supports 18 FTEs.

Agency Management Program

	FY 2005	FY 2006
Budget	N/A	\$4,404,453
FTEs	N/A	19.0

Program Description

The **Agency Management** program provides operational support and the required tools to achieve operational and programmatic results. This program is standard for all Performance-Based Budgeting agencies. More information about the Agency Management program can be found in the Strategic Budgeting chapter.

Program Budget Summary

The proposed Agency Management program gross funds budget is \$4,404,453. FY 2006 is the first year DCRB has budgeted for this program. The gross budget supports 19 FTEs.

Agency Goals and Performance Measures

Goal 1: Achieve long-term rate of return in excess of the actuarially assumed rate of

Citywide Strategic Priority Area(s): Making

Government Work

Manager(s): Betty Ann Kane, Executive

Director

Supervisor(s): District of Columbia Retirement

Board of Trustees

Measure 1.1: Achieve a long-term rate of return in excess of the actuarially assumed rate of return

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	7.25	7.25	7.25	7.25	7.25
Actual	8.3	9.2	-	-	-

Note: Measure modified from "Performance of the actuarial rate versus the District's 10 year actual rate of return percentage." (2/16/05)

Measure 1.2: Percent of timely and accurate benefit payments to the retirees and their survivors

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	N/A	N/A	N/A	90	90
Actual	N/A	N/A	-	-	-

Note: New measure in FY 2006.

Measure 1.3: Percent of vendor payments made on a timely basis to minimize interest penalties

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	N/A	N/A	N/A	99	99
Actual	N/A	N/A	-	-	-

Note: New measure in FY 2006.

